



COUNTY OF LOS ANGELES

CHIEF INFORMATION OFFICE

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JON W. FULLINWIDER
CHIEF INFORMATION OFFICER

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May 8, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF SECOND AMENDMENT TO MASTER SERVICES AGREEMENT
WITH MICROSOFT CORPORATION TO UPDATE FEE SCHEDULE
AND CLARIFY APPROVAL AUTHORITY
(ALL DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the enclosed Second Amendment (the "Second Amendment") to the Master Services Agreement with Microsoft Corporation approved May 24, 2005 as Agreement No. 75272 (the "Agreement"), to update the fee schedule for Microsoft Premier Support Services (PSS) and delegate to the Chief Information Officer the authority at his discretion to approve changes in any forms, Exhibits, or Microsoft personnel, pursuant to the terms of the Agreement.
2. Instruct the Chairman to sign the Second Amendment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Agreement provides County Departments access to technical resources that can only be obtained from Microsoft to assist with planning and ensuring the sustaining viability of services reliant on Microsoft technologies. Microsoft products serve an essential role in the effective operation of the County's computer systems. These services include Internet/Intranet websites, SQL databases, document file/retrieval, network printing, email/calendar services, electronic spreadsheets, Internet web browsing, word processing, presentation development, directory services, and personal computer/server operating systems. The Agreement provides a structure that streamlines and standardizes the acquisition process for Microsoft services across the County.

Specifically, the proposed Second Amendment provides for an increase in service rates that is permitted under the terms of the Agreement and conforms to contractual restrictions set forth therein. With respect to Microsoft Premier Support Services, the proposed increase for PSS fee rates is at most three percent (some PSS fees remain unchanged), to be effective on May 24, 2007. The Agreement provides that on the first and subsequent anniversary of the Effective Date, the fees for PSS will be increased by the percentage increase, if any, Microsoft has applied to its published Public Sector Rates for the then-current Fiscal Year, but not to exceed three percent. The increases shall be applied only to PSS Statements of Services executed after the applicable anniversary.

The Second Amendment also provides clarification that the Chief Information Officer (CIO) is authorized to approve changes in any forms or Exhibits which are part of the Agreement, and to approve any changes in Microsoft personnel identified in the Agreement or in any issued Statement of Services. This duty and authority is implied in other areas of the Agreement, but is not explicitly provided for in Section 22 ("Changes and Amendments"). With this clarification, the CIO will be able to approve changes to fee schedules for Microsoft Premier Support Services (Exhibit A2) and Microsoft Consulting Services (Exhibit B2), as provided for under the terms of the Agreement and subject to the contractual restrictions set forth therein.

Implementation of Strategic Plan Goals

The services provided by the Agreement support the County Strategic Plan Goals for Service Excellence (Goal 1, Strategy 2: Implement programs to improve the efficiency, quality and responsiveness of County services to all residents) and Organizational Effectiveness (Goal 3, Strategy 6: Complete the implementation of one or more standard technology components for facilitating electronic information-sharing between County departments to support the County Strategic Plan and Departmental missions). These services allow departments to better plan, design, implement, manage, and support the computer systems using existing and planned Microsoft technologies. As the County continues to deploy Microsoft products to support improvements in service delivery, the Agreement will serve an increasingly important role in allowing the Departments to achieve the County's strategic goals.

FISCAL IMPACT/FINANCING

By approving this Second Amendment, your Board is adjusting the fee schedule under which Microsoft Premier Support Services will be acquired as permitted under the terms of the Agreement and conforming to contractual restrictions set forth therein. The proposed rate increases are at most three percent, within the maximum allowed under the Agreement. Attachment A details the increases by PSS fee item. The County is not obligated to expend any funds until a Statement of Services is executed. Each Statement of Services will be governed by the terms and conditions set forth in the Agreement. Expenditures over the term of the Agreement and the expenditures in any

given year will remain within each department's budgeted appropriation for such services. Funds for payment of work performed in future fiscal years will be subject to appropriation by your Board. The administrative provisions of the Agreement require confirmation that funding is available before the individual Statement of Services is executed.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The attached Second Amendment has been approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Agreement and proposed Second Amendment will provide County Departments continued access to Microsoft Premier Support Services and Microsoft Consulting Services. These are unique technical services from Microsoft, for Microsoft technologies/products, which are used in mission and non-mission critical business systems throughout the County.

CONCLUSION

We request that your Board approve the enclosed Second Amendment to the Agreement to update the PSS fee schedule and clarify the CIO's authority to approve changes in any forms, Exhibits, or Microsoft personnel, pursuant to the terms of the Agreement.

Following execution by your Board, please return to my office three (3) executed copies of the Second Amendment.

Respectfully submitted,



JON W. FULMWEIDER
Chief Information Officer

JWF:DH:ygd

Attachments (2)

c: Each Department Head
Information Systems Commission

**Microsoft Premier Support Services
Fee Schedule Increase Detail**

			\$	%
Description	2006-07	2007-08	Change	Change
Technical Account Manager (TAM) Hourly Rate (Inclusive of Support Account Management and Support Assistance)	\$ 177	\$ 182	\$ 5	3%
Problem Resolution Incident (per incident)	\$ 772	\$ 795	\$ 23	3%
Alliance Support Technician (hourly rate)	\$ 208	\$ 214	\$ 6	3%
Application Development Consultant (hourly rate)	\$ 208	\$ 214	\$ 6	3%
TAM Onsite Visit (2 days)	\$ 2,000	\$ 2,000	\$ -	0%
ROSS On-site Visit (1 day)	\$ 3,862	\$ 3,862	\$ -	0%
ROSS On-site Visit (2 days)	\$ 6,180	\$ 6,180	\$ -	0%
TechNet Plus Subscription	\$ 1,000	\$ 1,000	\$ -	0%
Visual Studio 2005 with MSDN Premium Subscription	\$ 1,999	\$ 1,999	\$ -	0%
Workshops				
One day	\$ 5,407	\$ 5,569	\$ 162	3%
Two days	\$ 7,416	\$ 7,635	\$ 219	3%

**SECOND AMENDMENT TO
MASTER SERVICES AGREEMENT
BY AND BETWEEN
MICROSOFT CORPORATION AND
COUNTY OF LOS ANGELES**

This Second Amendment to Master Services Agreement (this "Second Amendment") is entered into as of the ____ day of _____, 2007 by and between the County of Los Angeles, a political subdivision of the State of California ("County"), and Microsoft Corporation, a Washington State corporation ("Microsoft"). The County and Microsoft are sometimes hereinafter referred to collectively as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, the Parties entered into that certain Master Services Agreement which was adopted by County's Board of Supervisors on May 24, 2005 as Agreement No. 75272 (the "Agreement") with respect to the procurement by County of Microsoft Premier Support Services (PSS) and Microsoft Consulting Services (MCS);

WHEREAS, under that certain First Amendment to Master Services Agreement which was adopted by County's Board of Supervisors on May 9, 2006 (the "First Amendment"), the Parties updated (i) the PSS fee schedule attached to the Agreement as Exhibit A2 (the "PSS Fee Schedule"), and (ii) the MCS fee schedule attached to the Agreement as Exhibit B2 (the "MCS Fee Schedule");

WHEREAS, the Parties now wish to amend the Agreement to (i) further update the PSS Fee Schedule, and (ii) delegate to the Chief Information Officer the authority at his discretion to approve changes to any forms, Exhibits, or Microsoft personnel, pursuant to the terms of the Agreement.

NOW, THEREFORE, pursuant to Section 22 (Changes and Amendments) of the Agreement and in consideration of the mutual covenants of the Parties contained herein and in the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Effective as of May 24, 2007, Exhibit A2 (PSS Fee Schedule) of the Agreement is hereby deleted in its entirety, and is replaced with a new Exhibit A2 (PSS Fee Schedule), a true and correct copy of which is attached hereto and incorporated herein by this reference.

2. Paragraph 22.3 (Exercise of Option to Extend Term and Change Forms and Exhibits) of the Agreement is hereby deleted in its entirety, and is replaced with the following new Paragraph 22.3 (Exercise of Option to Extend Term, Change Forms and Exhibits, and Approve Microsoft Personnel) to read as follows:

"22.3 Exercise of Option to Extend Term, Change Forms and Exhibits, and Approve Microsoft Personnel

County's Program Director, or Acting Director, is hereby expressly authorized to exercise County's option to extend the term of this Master Agreement as provided in Section 4 (TERM), in any increment, and to change any forms or Exhibits which are part of this Master Agreement, subject to Paragraph 11.1.1 (PSS Fee Schedule) and Paragraph 11.1.3 (MCS Fee Schedule). Any such extension or change in forms or Exhibits shall be in writing and signed by County's Program Director or Acting Director and Microsoft's authorized officials. County's Program Director, or Acting Director, is hereby expressly authorized to approve any changes in Microsoft personnel identified in this Master Agreement or in any SOS issued hereunder, pursuant to Section 21 (Replacement of Microsoft Personnel)".

3. Except as otherwise specifically provided under this Second Amendment, the Agreement, as amended under the First Amendment, and the respective rights and obligations of the Parties thereunder, remains as previously written and in full force and effect.

IN WITNESS WHEREOF, the County of Los Angeles and Microsoft Corporation have caused this Second Amendment to be executed by and through their respective and duly authorized representatives on the day and year above first written.

MICROSOFT CORPORATION

By 
David Gallagher
Director of Contracts

COUNTY OF LOS ANGELES


By _____
Mayor, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer and Clerk
Board of Supervisors of the County of Los Angeles

By _____

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By 
Jose Silva
Principal Deputy County Counsel

PSS Fee Schedule

Exhibit A2



Public Sector Published Price List for LA County

Premier Support Line Item Pricing*

Technical Account Manager (TAM) Hourly Rate (Inclusive of Support Account Management and Support Assistance)	\$182/hr	Entry level Statement of Service requires a minimum of 160 hours. This hourly component is required to be purchased in conjunction with Problem Resolution Incidents. Additional hours may be purchased as necessary during the Statement of Service's Standard Period of Performance.
Problem Resolution Incident	\$795/each	Entry level Statement of Service requires minimum of 10 Incidents. Additional incidents (5 minimum) may be purchased during the Statement of Service's Standard Period of Performance and requires the purchase of 4 hours of TAM time per incident.
Alliance Support Technician	\$214/hr	Purchased in conjunction with a dedicated TAM and minimum 400 hours. AST time not to exceed TAM hours.
Application Development Consultant	\$214/hr	Purchased in minimum blocks of 200 hours
TAM Onsite Visit	\$2000	2 days for each visit. Site visit charge is per SOS. This is a flat rate & includes T & E.
ROSS On-site Visit	\$3,862	1 Day Visit
ROSS On-site Visit	\$6,180	2 Day Visit
TechNet Plus Subscription	\$1000	Maximum of 10.
Visual Studio 2005 with MSDN Premium Subscription	\$1999	Maximum of 10.
Workshops	\$5,569 for one day/ \$7,635/ For two days	One day workshop based on dedicated delivery to a single customer. Customization available

Note:

* EFFECTIVE MAY 24, 2007.

All Rates are *fully-burdened*. No additional payments shall be made by County associated with travel, meals, expenses, incidentals, sales tax or any other costs not explicitly defined in EXHIBIT A2.

POINT OF CONTACT FOR MORE INFORMATION:

PREMIER SUPPORT

Margaret Gardiner

Premier Contract Executive

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